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FCC IDENTIFIES CRITICAL GAPS IN PATH TO FUTURE UNIVERSAL BROADBAND

USF Structure, Lack of Transparency, Spectrum Needs, and Adoption Levels Identified as Key Gaps

Washington, D.C. – The task force gathering data and developing draft proposals for the Federal Communications Commission's National Broadband Plan has identified critical gaps in the nation's policies, programs and practices that must be filled before America can take advantage of the technological advantages that universal adoption and deployment of affordable, robust broadband can bring. These gaps range across all elements of the broadband ecosystem, including networks, applications, devices, and end-user adoption.

The task force developed the list of challenges from data gathered in a series of nearly 40 workshops and field hearings, from over 10,000 comments on the National Broadband Plan Notice of Inquiry and 15 public notices, and in the analysis of existing studies and data. The process of gathering and analyzing information is ongoing, and includes a new survey commissioned by the task force that will, for the first time, provide extensive data about households that don't adopt broadband.

Over the coming weeks, the task force will begin to develop a range of options for consideration by the Commission for bridging the gaps in the pathway to universal broadband. The FCC is required by the American Recovery and Reinvestment Act of 2009 to submit the National Broadband Plan to Congress by Feb. 17, 2010.

Key gaps identified by the task force include:

- Federal Universal Service Fund (USF) Structure: Doesn't support broadband deployment and adoption despite over $7 billion spent to subsidize telecommunications annually
    1. The majority of USF funding supports affordable phone service, not broadband.
    2. The four USF programs -- high-cost support for rural phone service, support for advanced services in schools and libraries, support for phone service to low-income families, and rural health care support -- are not coordinated to maximize deployment opportunities to fill broadband gaps.
    3. High-cost funding mechanism rewards inefficiency, and funding not determined by broadband needs.

4. An unsustainable funding mechanism and increased demands for support have doubled the amount paid by consumers since 2000.
5. Accountability is limited for use of high-cost fund for broadband support.

- Broadband Adoption Gap: Increases the cost of digital exclusion to society
    1. Broadband adoption levels vary widely across demographic groups.
    2. Nearly 90 percent of families with incomes of $100,000 or more subscribe to broadband services, compared to 35 percent with incomes of $20,000 or less.
    3. Rural households are less likely to subscribe than urban households.
    4. Only 40 percent of Hispanic households subscribe, followed by 46 percent of African-American households, while 65 percent of white households subscribe.

- Consumer Information Gap: Undermines competition, innovation, and choice
    1. Consumers lack information about actual performance of their broadband service compared to the advertised speeds.
    2. Consumers can't accurately compare performance of competing service.
    3. Application providers lack knowledge of network performance, dampening innovation.

- Spectrum Gap: Frustrates mobile broadband growth
    1. Smartphone sales are expected to overtake standard mobile phones by 2011.
    2. Smart phone subscriptions have increased by 690 percent since 1998, while over-the-air TV viewership decreased by 56 percent.
    3. Identifying available spectrum, reallocating it, and assigning it is often a long, multi-year process.
    4. Spectrum is also critical for public safety, telemedicine, smart grid, civic engagement applications.

- Deployment Gap: High costs can limit broadband deployment
    1. "Middle Mile" costs for transit and transport of Internet traffic can cost rural providers up to $150 per subscriber annually, almost three times as much as network operations, and can be a serious barrier to rural broadband.
    2. The lack of efficient coordination when digging trenches for fiber and other expensive infrastructure costs dramatically increases the cost of deployment.
    3. Other outside plant costs, including pole attachments, also drive deployment gap.
    4. Deployment gaps for access to advanced, high-speed broadband occur in the small business market marketplace, in rural areas, and to consumers in many residential neighborhoods across the nation.

- Television Set-Top Box Innovation Gap: Hinders convergence, utilization, and adoption
    1. The convergence of video, TV and Internet Protocol-based technology is creating a new broadband medium that could drive adoption and utilization.
    2. Lack of devices is a major barrier for adoption -- 99 percent of U.S. households have a TV versus 76 percent with PCs.
    3. Retail navigation device and set–top-box market competition has not emerged, limiting innovation.

- Personal Data Gap: Users need to control their own information

1. Personal data is increasingly digitized and moving to the Internet "cloud."
2. Users have little control over their personal information.
3. Ensuring privacy and security will enable a new generation of applications, and improve top national priorities that would benefit by secure but accessible personnel information.

Harnessing broadband to achieve key national purposes -- better health care, education, government performance and civic engagement, economic opportunity, public safety, improvements in energy conservation and environmental protection -- requires better connectivity, although the level of connectivity necessary depends on the nature of the institutions and applications.

Achieving these goals, however, will also require a broadband ecosystem that provides people with training and support in digital skills, ready access to computers and mobile devices, better applications, better security and other needs. Further, the ecosystem requires that incentives be aligned to encourage the use of broadband applications; today, there are a number of rules that discourage the use of broadband.

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News about the Federal Communications Commission's development of the National Broadband can be found at http://www.broadband.gov/news.html